

CARON  
DE180  
-P25

# PENSION NEWS

3 1761 11651784 8



Teachers' Pension Plan Board  
Conseil du régime de retraite des enseignantes et des enseignants

**SPECIAL  
EDITION**

Issue 14  
Winter 1997



## How Plan Changes Affect You

In December, the Board of Arbitration announced its award in the negotiation of pension plan changes between the Ontario Teachers' Federation (OTF) and the Ministry of Education and Training (Ontario government).

For the first time since inflation protection was introduced in 1976, a plan change directly benefits all pensioners who contributed to the Canada Pension Plan (CPP).

### CPP reduction lowered

The CPP reduction, which is deducted from your teachers pension when you turn 65 or when you begin receiving a CPP disability pension, has been lowered to 0.0068 from 0.007. To calculate the reduction, 0.0068 is multiplied by the three-year average maximum salary level set by the CPP and your years of credit.

If you are 65 or older, your annual pension has increased depending on how long you contributed to the Teachers' Pension Plan and CPP. Generally, the longer you've contributed to the CPP, the larger the increase in your pension will be (see examples below). For current pensions, the maximum amount is approximately \$220 per year.

Your CPP pension isn't affected.

#### Example 1

- Jean retired June 30, 1996—turned 65 November 1996
- contributed to the CPP for 27 years

*Jean's CPP reduction up to  
December 31, 1996: \$6,596.10*

*Jean's CPP reduction as of  
January 1, 1997: \$6,407.64*

Therefore, Jean's pension increases by \$188.46.

#### Example 2

- Bob retired June 30, 1981—turned 65 May 1989
- contributed to the CPP for 15 years

*Bob's CPP reduction up to  
December 31, 1996: \$1,382.50*

*Bob's CPP reduction as of  
January 1, 1997: \$1,343.00*

Therefore, Bob's pension increases by \$39.50.

### Summary of Examples

	RETIRED DURING	YEARS CONTRIBUTED TO CPP	ANNUAL PENSION INCREASE
Jean	1996	27	\$188.46
Bob	1981	15	\$ 39.50

### Some already changed

If you were 65 or older as of January 1, 1997, or in receipt of a disability pension from CPP, we sent you a letter in January announcing this change. The increase was included in your January pension amount. Survivor pensions will be adjusted later in 1997.

*Continued on page 3*

## What's Inside...

	Page
<b>New Appointments to Board of Directors</b>	2
<b>Summary of plan changes</b>	3
<b>Attention court-appointed committees</b>	4



## New appointments to the board of directors

An accomplished writer and a senior human resources executive are the newest appointments by the Ontario Teachers' Federation to the Board of Directors.

Ann Finlayson is a writer, speaker, freelance editor and consultant. Her areas of expertise include pensions, education, workplace change, investments and retirement planning.

Finlayson is the author of three books, including the best-seller, *Whose Money is it Anyway? The Showdown on Pensions* (1988).

Finlayson has written more than 200 articles for *Maclean's Magazine*, where she was a staff writer, researcher and reporter for 10 years. Her byline has appeared in such publications as *Education Forum*, *Report on Business Magazine*, *The Financial Times*, *The Globe and Mail* and *The Observer*.

Lucy G. Greene is Vice-president of Human Resources with Sun Life Assurance Company of Canada.

Greene is responsible for, among other things, reviewing and revising the governance of Sun Life pension plans. She reviews proposed changes to plans, actuarial valuations and investment performance.



Ann Finlayson

She also serves as a Trustee of the Sun Life Pension Plans in Canada, the United States and the United Kingdom.

The new appointments became necessary when Doug McAndless, a retired teacher, and Lynne Sullivan, human resources consultant, retired at the end of 1996.

Directors are appointed for a two-year term and can serve a maximum of four terms. The Board is responsible for administering the plan and investing its assets. The day-to-day management of the plan is delegated to Claude Lamoureux, President and CEO, and his staff.

The board meets about 10 times a year.



Lucy G. Greene

Directors must protect the interest of all plan members—they act independently of the pension plan's sponsors, the OTF and the Ontario government.

Finlayson and Greene join C. Edward

Medland, Chair of the Board, and the other directors: Jalynn Bennett, Geoffrey Clarkson, Gail Cook-Bennett, Martin R. Hicks, Robert Korthals and David Lennox.



## How Plan Changes Affect You

*Continued from page 1*

### Understanding the negotiating process

Under the terms of the Partnership Agreement (1992), the Ontario Teachers' Federation (OTF) and the Ontario government can negotiate changes to pension benefits every three years. Negotiations began early last year and moved through a process to mediation and then to arbitration.



The Board of Arbitration, which is made up of a representative from each side and a jointly

appointed umpire, heard arguments early in December and presented its award on December 30, 1996. **Changes to the plan became effective January 1, 1997.**

OTF and the government agreed that contribution rates should remain the same and improvements to benefits would be paid for from actuarial gains. The actuarial gain is the difference between expected future costs of the plan as valued on January 1, 1993 and the actual performance of the plan as of January 1, 1996.

The partners, the OTF and Ontario government, negotiate changes to the plan. We are not involved in negotiating changes to the pension plan.

### Changes at a glance

*Changes were made to the plan effective January 1, 1997. The chart below gives a brief description of the changes.*

#### Plan Change

##### LOWER CPP REDUCTION

The CPP reduction to your pension will be lowered to .0068 from .007

##### REDUCED PENSION

Lowering early retirement reduction to 2.5% per point from the 90 factor (changed from 5% per point)

##### LEAVES

Three-year suspension of the return to work requirement for a purchase of credit—must be within 5 years of earliest retirement date

##### QUALIFYING YEARS

One qualifying year for every school year in which a member teaches more than 10 days (changed from more than 20 days)

##### OCCASIONAL TEACHERS

Mandatory participation in the Teachers' Pension Plan for qualified occasional teachers

##### DISABLED MEMBERS

Disabled members not receiving LTD insurance will be allowed to purchase credit without returning to work

##### RETIREMENT

Unreduced pension with 35 years of *actual credit*

#### Explanation

The CPP reduction, which is deducted from your pension when you turn 65 or on receipt of a CPP disability pension, has been lowered. This means your pension, after the CPP reduction, will increase.

If members retire on a reduced pension before their 90 factor, a reduction of 2.5% per point is applied. They must be 55 or older to collect a reduced pension. *Note:* This applies to immediate pensions only. It does not apply to deferred pensions.

Members can take a leave of absence and purchase the credit for their time away without the 70-day return to work requirement. The leave must begin between January 1, 1997 and December 31, 1999.

Starting January 1, 1997, this gives qualified occasional teachers a better opportunity to earn qualifying years of service. *Note:* The change does not alter the number of qualifying years members accumulated prior to the 1996-97 school year.

*Note:* Qualified occasional teachers who opted out of the plan cannot purchase credit for the time they were not members.

The 70-day return to work provision for the purchase of credit has been eliminated for members unable to return to work because of their disability.

Members can now retire with an unreduced pension at any age with 35 years of credit, even if they have not reached their 90 factor.





## Attention court-appointed committees

*If you're a court-appointed committee, you must register with the Public Guardian and Trustee by April 7. Read on for more information.*

In April 1995, legislation was introduced to provide you with more control over who will make decisions on your behalf if you become mentally incapable.

### Background

Prior to the introduction of the *Substitute Decisions Act*, legislation only enabled you to choose who you wanted to handle your financial affairs in the case of mental incapability. You can now specify who you want acting on your behalf for personal care as well.

If you did not have a power of attorney and you became incapable, someone had to go to court to become your guardian. This person was called a court-appointed committee.

### Transition period

When the act was introduced two years ago, a transition period was granted for court-appointed

committees who make decisions for incapable pensioners. To retain committees and become legal guardians, these decision makers have to register with the Public Guardian and Trustee by April 7, 1997 (two years from effective date of act). The end to this two-year period is quickly approaching.

If you are a court-appointed committee and haven't filed the appropriate form with the Public Guardian and Trustee, you should do so as soon as possible. If you miss this deadline,

your authority will end and you will have to apply to the Ontario Court to have it reinstated. In some cases, we won't be able to send pension cheques until you have registered.

*If you handle your own affairs or if you handle a pensioner's affairs under a power of attorney, you are not affected by the information in this article.*

### Need more details?

For more information, please call the Public Guardian and Trustee at (416) 314-2801. They will accept collect calls.

Ontario Teachers' Pension Plan Board  
5650 Yonge Street  
North York, ON  
M2M 4H5

MAIL  POSTE

Canada Post Corporation/Société canadienne des postes

Postage Paid

Port payé

Bik

Nbre

06620167

## PENSION NEWS

*Pension News* is published for pensioners by the Communications Department of the Teachers' Pension Plan Board.

If you have any comments or ideas, call me at (416) 730-5357 or write to:

**Linda Keon, Editor, *Pension News***  
Teachers' Pension Plan Board  
5650 Yonge Street  
North York, Ontario M2M 4H5

**Phone:** (416) 226-2700 or 1-800-668-0105

**Fax:** (416) 730-5349

Ce bulletin est disponible également en français.



ISSN 1180-3282